

From the
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Building a Firm Foundation: How to Choose a Qualified Contractor

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From Holy Cross to South Lakeview, the Louisiana Division of Historic Preservation's Historic Building Recovery Grant Program funds the restoration of hurricane-damaged historic structures in virtually every historic district in New Orleans. With homeowners as diverse as these historic districts and the buildings they contain, the Historic Building Recovery Grant Program project officers have noticed a common concern among grant recipients: Many historic homeowners, overwhelmed with contract language and concerned about fraudulent contractors, feel unprepared for the task of hiring and working with building professionals during the renovation process. The Historic Building Recovery Grant Program staff has compiled these helpful hints to guide historic homeowners in making responsible, informed contractor choices while enhancing effective communication throughout the renovation project. Without picking up a hammer or a paintbrush, homeowners can take an active role in restoration by following these ten guidelines for successfully hiring and working with contractors.

1. Hire **ONLY** Louisiana State licensed or registered contractors who are insured.

The Louisiana State Licensing Board for Contractors maintains a list of licensed contractors in Louisiana. Search their Web site at www.lslbc.louisiana.gov or call 1-800-256-1392 to find licensed contractors or to verify a contractor's state license or state registration. A state license is granted to contractors who have passed a written examination and is required for commercial projects over \$50,000. It is renewed yearly, so make sure your contractor's license is up-to-date. No written examination is required for a contractor to obtain a state registration; it is granted to those who simply "register" with the state. State registration allows a contractor to perform home improvement or remodeling work over \$7,500 and is sufficient for most small renovation projects. No matter the size of the project, the City of New Orleans requires homeowners to hire a licensed contractor to perform

any type of electrical, plumbing or mechanical system repair. For major restoration work such as foundation, roof or structural framing repairs, the Historic Building Recovery Grant Program staff recommends hiring a state licensed contractor with proper liability insurance. It is possible that a specialty contractor, who works in a specific trade such as plaster, masonry or carpentry, may not have a license. It is acceptable to use such a craftsman as long as he does not act as a general contractor for the entire project, in

WHEN CHECKING YOUR CONTRACTOR'S LICENSE, REMEMBER THESE POINTS:

- A license in the name of an individual CANNOT be used for a business. A firm needs a separate license in the name of the firm.
- An individual license applies ONLY to the person named on the license.
- A subcontractor must be properly licensed, even if the general contractor he is working for has a valid license.

which case he would need a proper license. It is recommended that any contractor you hire have liability insurance. If a contractor does not have insurance, the homeowner will be held liable for any damage to person, worker or property that might occur on the jobsite. This is a risk and an expense that no homeowner should take, and one that every homeowner can avoid. Whether you have a large or small renovation project, make sure your contractor has a proper license and insurance before you sign a contract. If he cannot produce valid documents, beware of possible contractor fraud and think twice before using his services.



Photo by Megan Lord

A local mason repoints a brick wall in preparation for plaster on an Esplanade Avenue home. Masons are an example of skilled craftsmen who are not required to have a state contractor's license for non-structural repairs.

2. Ask for references (and check them).

Get at least three local references for each contractor you are considering. The longer the reference list the better. Call a handful and skip around the list. Local references are important as they will show if the contractor is familiar with regional building techniques and materials while ensuring he'll be easy to contact and won't disappear on you. Personally view the contractor's prior work and ask his references about timely completion of their project. It is important to evaluate the type of work done to determine that the contractor is knowledgeable about historic buildings and materials, rather than a specialist in new construction. The Louisiana State Licensing Board for Contractors issues a monthly list of contractor violations and complaints, which can be viewed on their Web site.

3. Get **AT LEAST THREE** bids on the work to be performed.

It always helps to compare work scopes and prices. When considering bids, look at more than just the dollar sign. Is the bid descriptive and inclusive? Does it consider unseen damage (which is most always an issue)? Be aware of scare tactics and high-pressure sales when a contractor claims to find unnecessary additional work or urges you to make an immediate decision without time to compare bids, review previous work and verify licenses.

4. Get a written contract.

As obvious as this might seem, it is an essential step that is often overlooked and underestimated when hiring a contractor. A verbal agreement is not acceptable and holds the contractor and his work to no professional standards. A well-written contract protects the homeowner from contractor fraud and facilitates a smoothly run project. A contract should contain a very specific description of the work to be performed, including detailed construction methods, materials and an itemized list of material and labor costs. It should include a provision for change order costs to cover any hidden damage that will need to be addressed or additional work requested by the homeowner. It is extremely important that the contract include a timeline and payment

PARTS OF A CONTRACT:

1. **Agreement:** Lists job goals, repairs, payment schedule, work schedule, itemized costs and provisions for change orders
2. **Conditions:** The rules under which the agreement is accomplished
3. **Plans:** Drawings with dimensions and notes
4. **Specifications:** Written details about the repairs
5. **Addenda:** Documents detailing legal rights, lien rights, etc.

schedule to keep the project on track and ensure payments are made after scheduled work is completed. The contract should always be dated and signed by both the contractor and the homeowner. Make sure you understand all terms and conditions of your contract before you sign!

5. Make a small down payment.

The Louisiana State Licensing Board for Contractors suggests making no more than a 10% down payment. If you have a large project, contractors may ask for a slightly larger down

payment in order to cover the initial material costs. Never pay more than 25% down. Your down payment should be included in your payment schedule and should be clearly itemized. Remember, your down payment isn't money thrown away! It is money paid upfront for work or materials that your contractor must account for in an itemized invoice.

6. Don't let payments get ahead of work.

Make sure the contractor follows the payment schedule, and do not make a payment unless all work is up-to-date, completed and of good quality. Do a walk through before you make a payment to ensure all work designated in the payment schedule is complete and meets your standards as well. Keep a record of your payments to be referenced should discrepancies arise.

7. Never make a final payment until the project is complete AND you are satisfied with the job.

Even if you have only a small punch list of items remaining, don't hand over that last payment until they've all been checked off your list. Once a contractor is paid in full, he may move on to another job, which will make it harder for you to get him back to yours for those final touchups.

8. NEVER pay cash.

A cash payment cannot be recorded nor confirmed should a payment dispute arise. A dishonest contractor can easily take the money and run, leaving the homeowner with a half-finished project and empty pockets. Cash payments can also signify that your contractor is skimping on licensing fees, permits, skilled crew members and insurance bills. While this may save you money up front, not having a license, permit or insurance could cost you severely if unskilled workers make a bad repair.

9. NEVER agree to apply for your own permit or to go without one.

Your renovation project is legally required to have a city building permit, which means it will be inspected by building inspectors throughout the renovation process. If your contractor doesn't want a permit (i.e., doesn't want his work inspected) question the quality of his work. If he asks you to apply for the permit, he probably doesn't have the proper state

licensing, which means you, not your contractor, will be responsible for the repairs should the work not pass inspection. Bottom line: If your contractor won't pull the permit himself, find a new contractor. It's not worth the risk.

TERMS TO KNOW:

- **General Contractor:** A person/company that will manage a major renovation project. Must have a valid license and insurance.
- **SubContractor:** A specialist who is under contract with the general contractor for a specific job within the renovation project. A sub must have a valid license and insurance because he can also be hired directly.
- **Specialty Contractor:** A craftsman who is an expert in a specific trade, such as plaster or masonry. May or may not have a license.

10. Keep a file of all papers relating to your construction project.

Create individual file folders for all bids, contracts, payment records, photographs documenting work, etc. and keep them together in a binder or expandable file. The Historic Building Recovery Grant Program provides all grant recipients with file folders so homeowners can stay organized and

on top of their project. Should any discrepancies arise, the homeowner will be able to easily reference all paperwork pertaining to the project.

The Historic Building Recovery Grant Program staff hopes that these ten tips will make the task of finding and working with contractors less daunting. Taking the time to research a contractor's credentials and experience almost always results in a successful renovation project and a satisfied homeowner. Remember, most licensed and registered contractors are reliable, honest and hardworking, and as an informed homeowner you are quite capable of working with them to restore and repair your historic home. A successful renovation project begins with a solid foundation. Make sure your project gets off to a good start before work begins by choosing a qualified contractor. Good luck!



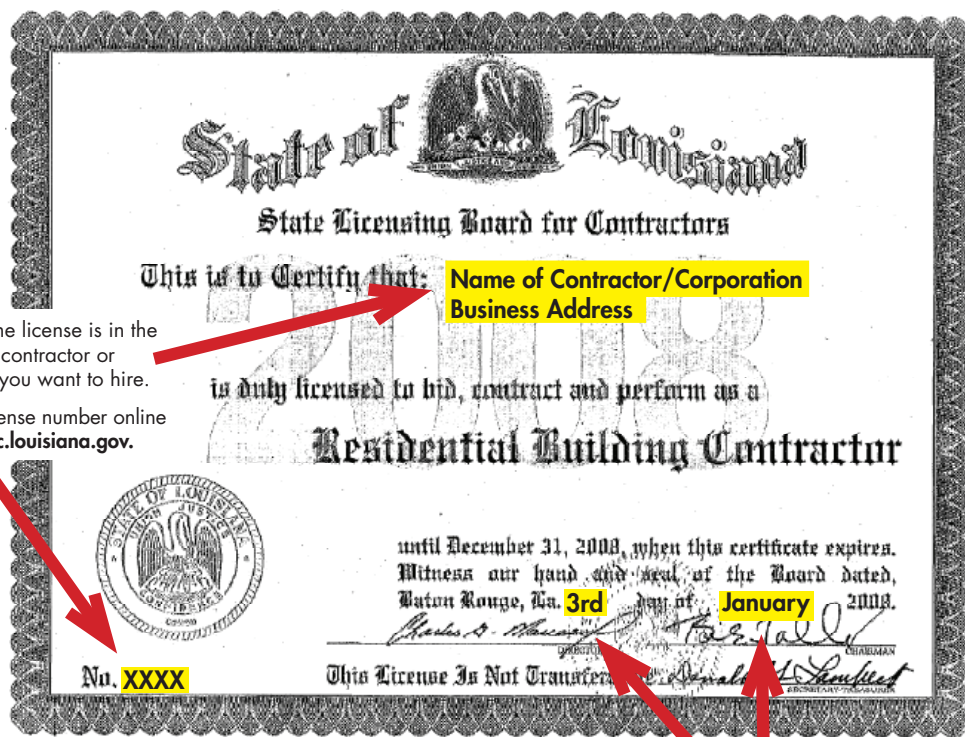
Photo by Megan Lind

On the recently restored porch of her St. Claude Avenue home, Historic Building Recovery Grant recipient Constance Brown and her contractor, Oscar Santos, discuss finishing touches and final adjustments to the carpentry work. Effective communication between a homeowner and contractor is key to a successful renovation project.

Resources for Further Information and Research:

- Louisiana State Licensing Board for Contractors: <http://www.lslbc.louisiana.gov/index.asp>
- Garskof, Josh. "How to find a contractor you'll love: To nab a good home improvement professional, look for these signs of excellence (or trouble)," CNNMoney. March 28, 2008, http://money.cnn.com/2008/03/27/real_estate/tips/contractor_love.money.com/index.htm?postversion=2008032806 (accessed November 10, 2008).
- Gibney, David. "Construction Contract Information for Homeowners," Written for the Historic Building Recovery Grant Program during a New Orleans workshop. April 2007. This article may be found at www.crt.state.la.us/hp/hbrgp/asp.
- Preservation Resource Center's Renovation Resource articles: "Before You Start" and "Working with Pros" <http://www.prcno.org/resources/renovation/>

- Make sure the license is in the name of the contractor or corporation you want to hire.
- Verify the license number online at www.lslbc.louisiana.gov.



Always request a copy of a contractor's state license and verify that the name, license number and date are current.

- Make sure the contract is up-to-date. If you have any suspicions of fraud, verify the license online or call 1.800.256.1392.